



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

16 July 2024

Report of Councillor Ashley Baxter,
Cabinet Member for Finance, HR and
Economic Development

2023/24 Statement of Accounts Update

Report Author

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Purpose of Report

To update the Committee on the progress of the production of the 2023/24 Statement of Accounts.

Recommendations

It is recommended that the Governance and Audit Committee notes the progress of the audit of the 2023/24 Statement of Accounts.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	High performing Council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The financial considerations are contained in the report.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.2 There are no significant legal and governance implications associated with this report which are not already referred to in the body of the report.

Completed by: Graham Watts, Monitoring Officer

2. Background to the Report

- 2.1 The issues with the closedown and auditing of the Statement of Accounts within the Local Government sector have been well documented. There are still a significant number of authorities who have not yet closed accounts from 2022/23 and earlier.
- 2.2 There are many reasons for this including: increasing requirements from the National Audit Office; and lack of capacity in Local Authorities and audit firms ability to deal with the changing timescales needed in Local Authorities.
- 2.3 The issue has become so severe that the Department of Levelling Up, Housing and Communities (DLUHC) has intervened in a bid to "catch up" on the backlog of external audits being published.

- 2.4 It has done this by creating phased deadlines, or back stop dates, for each financial year's accounts as set out in the table below:

Financial year accounts	Deadline
2022-23	30 September 2024
2023-24	31 May 2025
2024-25	31 March 2026
2025-26	31 January 2027
2026-27	30 November 2027
2027-28	30 November 2028

- 2.5 The consequences of not meeting the back stop date of 31 May 2025 are not fully understood but would certainly result in an audit opinion that reflects any implication of not achieving the statutory deadline. However, it is unlikely the Council will not achieve that date given the current progress.
- 2.6 The timescales set out in the table at 2.4 give a strong indication of the scale of the problem, which is not expected to be resolved until 2028/29.
- 2.7 The Council's track record in closing its accounts has been excellent. The 2022/23 accounts were closed in January 2024; even though this was beyond the statutory deadline, it was at a time when only 10% of authorities had closed their accounts.

3. 2023/24 Statement of Accounts Update

- 3.1 Progress on the 2023/24 Statement of Accounts has been positive. However a small number of issues have delayed the provisional outturn including system and staffing capacity challenges.
- 3.2 The main issues impacting the closedown of the financial year have related specifically to the implementation of a new housing rent system. The new system went live in January 2024 and information required for outturn has proven more difficult to acquire than anticipated.
- 3.3 This issue has now been resolved and the provisional outturn reports are presented on this agenda. However, it has had a consequential adverse impact on the closedown timetable. Furthermore, the implementation of Unit 4, the Council's new finance system, is also impacting on staffing capacity as it requires the finance officers' input throughout the implementation.
- 3.4 The impact on timescales is likely to result in draft accounts being prepared by mid-August at the earliest; and this will need to be discussed with KPMG who are the new external auditors. Nevertheless, it is still expected that the statutory deadline of 30th September for the production of the audited accounts will be achieved.

4. Reasons for the Recommendations

- 4.1 Section 21(2) of the Local Government Act 2003 requires that the Statement of Accounts is prepared in accordance with the statutory framework established by the Accounts and Audit Regulations (England) 2015.
- 4.2 The Accounts and Audit (Amendment) Regulations 2022 require the accounts to be published when they have been audited.
- 4.3 It is important that members of the Governance and Audit Committee are kept informed on the progress of the 2023/24 Statement of Accounts and this report provides a detailed explanation of this.